

Management Advisory Report: The Probability of Meeting Electronic Tax Administration Goals Remains Questionable

Please note that the report and Appendices IV and V are included in separate Adobe PDF files (Part 1 and Part 2) for 2001-40-047.

Appendix VI

IRS e-services Near Term Release for 2001						
6/1/99	9/1/99	Near Term Release Components		11/1/99	1/1/00	7/1/00 1/1/01
System Concept	System Requirements	Enterprise	SR 2.1 ESP & EDAS (Including AuthDB)	SR 1.1/1.2 Account Inquiry	System Design	System Development, Integration and Testing
		Customer Accounts Management	Check-off Limited POA	Interactive POA (Form 2848)		
		Returns Processing (Info/Pay/Tax)	Alternate Signature Expansion (PINs)	Internet-based Pilots -TIN Matching		
		Taxpayer Community	Directory Tax U Software Guide, Forum, Help Desk			
		Value-adding Third Party Community*	Alliance Support -Application & Certification -Tax U, Forum	Alliance Support Extranet-Basic -Secure msg/trans -Channel loyalty		
		Marketing & Channel Management*	Create Database -Community DB's -Existing DB's -Prod/Svcs/ Stds	Basic Services -Reports -Analyses -Simple modeling		
System Piloting and Deployment						

*Note: Designed to support all Business Operating Divisions

Management Advisory Report: The Probability of Meeting Electronic Tax Administration Goals Remains Questionable

IRS e-services Follow-on Releases for 2002 and Beyond

10/1/99

Follow-on Release Components for W&I plus SB/SE (IMF)

~1/1/00 through 12/31/02~

System Concept	Enterprise	Provide Transmission Software	CADE and CRM are rolled out	System Require- ments	System Design	System Develop- ment, Integration and Testing	System Piloting and Deploy- ment
	Customer Accounts Management	Authenti- cation of user/POA	Full account Inquiry				
			Update Account -modification -addition				
			Settle Account -calculate tax -payment -acknowl- edgment				
	Returns Processing (Info/Pay/Tax)	All forms and schedules (1040 sched- ules and attachments)	e-filing				
	Taxpayer Community	Advanced Features					
	Value-adding Third Party Community*	Alliance Support Extranet -Advanced -Software Library					
	Marketing & Channel Management*	Enhance Database -Feeds from CADE -Feeds from CRM -External Data	Advanced Services -Reports -Analyses -“What if” models				

*Note: Designed to support all Business Operating Divisions

**Management Advisory Report: The Probability of Meeting
Electronic Tax Administration Goals Remains Questionable**

IRS e-services Follow-on Releases for 2002 and Beyond

10/1/99 Follow-on Release Components for SB/SE (BMF), L&MSB & TE/GE

1/1/00 through 12/31/07

System Concept	Enterprise	Provide Transmission Software	Tier A Projects CADE, CRM, CADDi and Infrastructure	System Requirements	System Design	System Development, Integration and Testing	System Piloting and Deployment
	Customer Accounts Management	TBD					
	Returns Processing (Info/Pay/Tax)	TBD					
	Taxpayer Community	TBD					
	Value-adding Third Party Community*	Alliance Support Extranet --Advanced --Software Library					
	Marketing & Channel Management*	Enhance Database --Feeds from CADE --Feeds from CRM --External Data	Advanced Services --Reports --Analyses --"What if" models				

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Management Advisory Report: The Probability of Meeting Electronic Tax Administration Goals Remains Questionable

Release Descriptions		
e-Services 2007 Vision Subsystems	Near term 2001 Release Features	Strategic 2002-2007 Release Features
Customer Accounts Management provides taxpayers with views of total account and ability to reconcile tax liability annually.	Electronic Power of Attorney (POA) (TIA), Interactive POA to replace Form 2848 and services such as secure messaging and transcript delivery.	ETA 2002 and beyond will provide authentication of users, full account inquiry, update and settlement capabilities.
Returns Processing provides taxpayers (individuals and businesses) with ability to electronically file and pay their taxes.	Expansion of alternative signature (PIN) pilots. Internet-based pilot-TIN Matching.	ETA 2002 and beyond will deliver on substantially all forms and schedules.
Taxpayer Community provides individual and business taxpayers both secure and non-secure access to information resources to help them meet their needs.	Variety of e-commerce features such as help desk, interactive guides and directories.	ETA 2002 and beyond will deliver advanced versions of e-commerce features such as help desk, interactive guides and directories.
Third Party Community provides value adding third parties both secure and non-secure access to information resources to help them meet the needs of taxpayers.	Support for application and certification along with loyalty building extranet-based services.	ETA 2002 and beyond will deliver advanced loyalty building features over the extranet.
Marketing & Channel Management supports the IRS in identifying market segments, their characteristics and requirements.	Databases with analytic reporting capabilities.	ETA 2002 and beyond will deliver advanced features including feeds from the new databases (Customer Account Data Engine (CADE) and Customer Relationship Management (CRM) as well as external data.

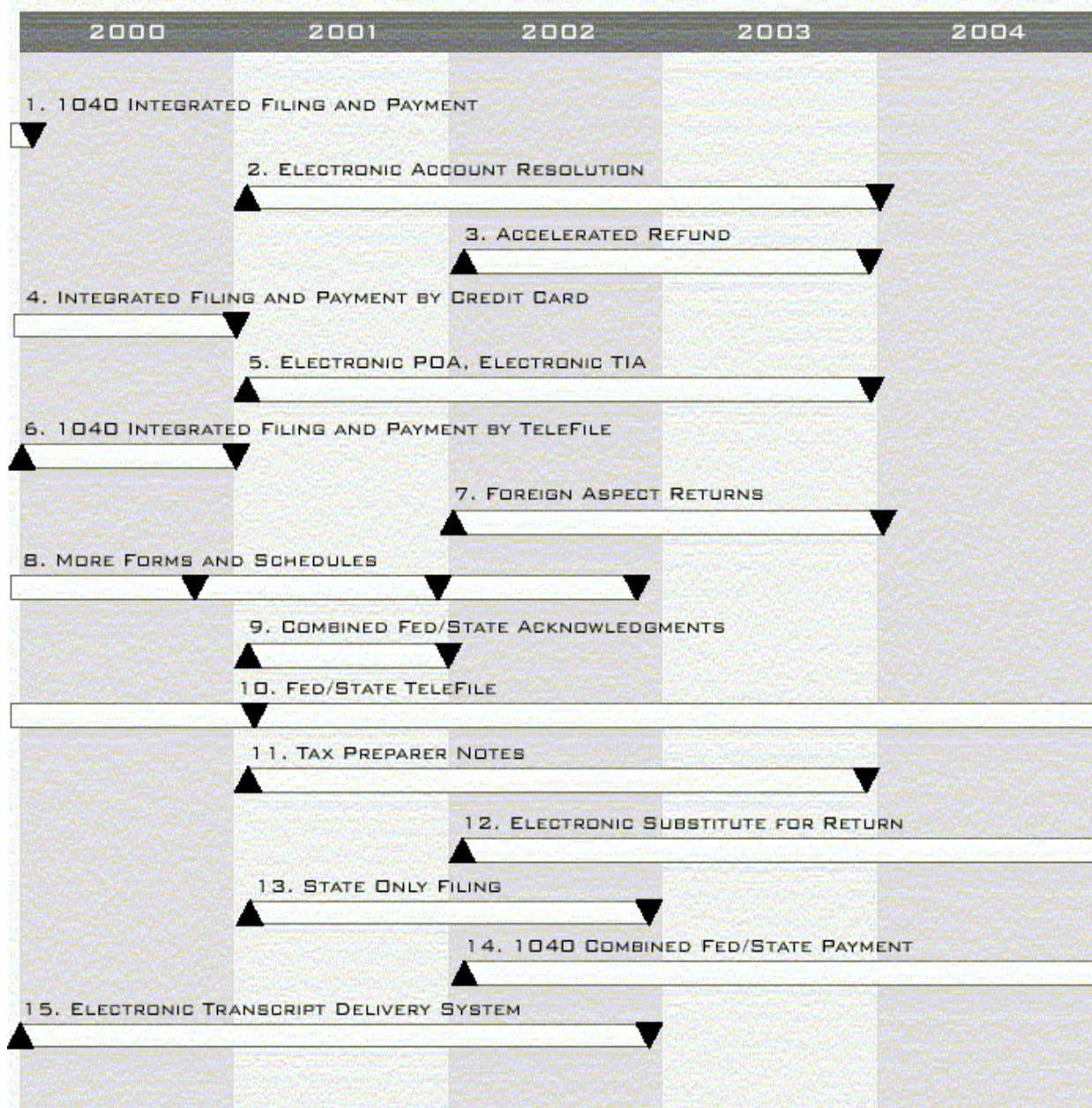
Source: 1999 A Strategy for Growth, Appendix B

**Management Advisory Report: The Probability of Meeting
Electronic Tax Administration Goals Remains Questionable**

Appendix VII

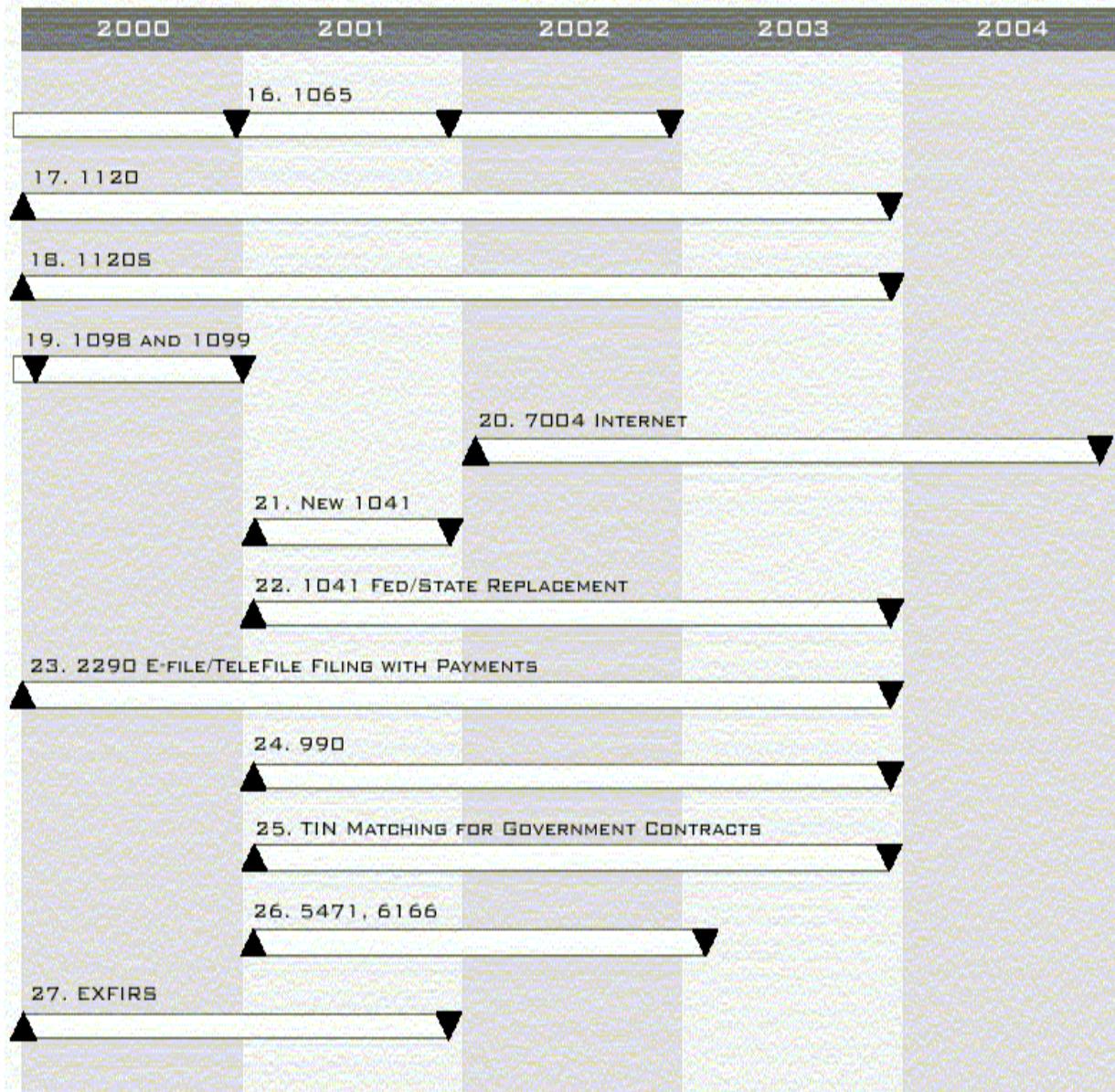
Implementation Schedules

Individual Income Tax



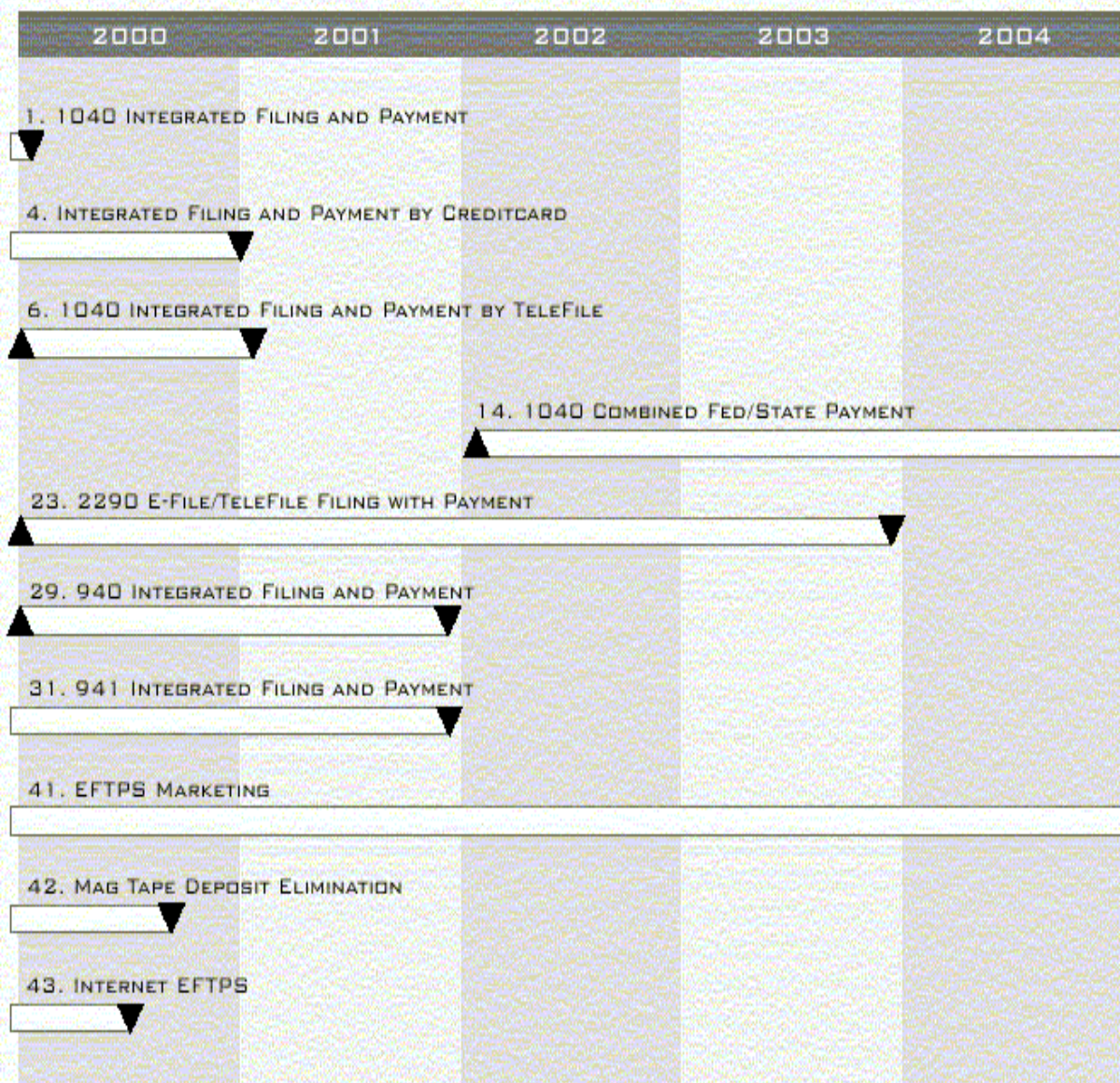
Management Advisory Report: The Probability of Meeting Electronic Tax Administration Goals Remains Questionable

Other Business Returns



Management Advisory Report: The Probability of Meeting Electronic Tax Administration Goals Remains Questionable

Electronic Payments



Source: 1999 A Strategy for Growth, Pages 35-37

**Management Advisory Report: The Probability of Meeting
Electronic Tax Administration Goals Remains Questionable**

Appendix VIII

**Electronic Tax Administration Advisory Committee Member Organizations
1999/2000**

Owner, Abalos & Associates*

President & CEO, Federal Liaison Services, Inc.

Vice President, Tax & Audit, Microsoft Corporation

National Advisor, AARP

Professor of Accounting & Information Systems, Johnson State College

Vice President, Electronic Filing, H&R Block Tax Services, Inc.

President, T.Gilden, Inc.*

President, Grimes Income Tax, Inc.

Representative, Jackson Hewitt Tax Service

President, First Data Corporation – Cash Tax Inc.*

Representative, W.R. Kirkendall, EA

Senior Technical Advisor, The Implementation Group

Director, Processing Services, California Franchise Tax Board

President, Tax Back, Inc.

Professor of Accounting & Taxation, Grand Valley State University

Administrator, Information Resources Management Division, South Carolina Department of Revenue

Partner, HELJAN Associates*

Director, Enterprise Technology Services, Merrill Lynch

Vice President, Wachovia Bank, N.A.

Vice President & General Manager, Professional Products Group, Intuit, Inc.

Senior Vice President of Product Planning, Ceridian Corporation

President, John D. Stoller, CPA*

*First Year Member

Source: ETAAC Report, June 30, 2000, Appendix A

Glossary of Terms

Council for Electronic Revenue Communication Advancement, Inc. (CERCA) - A not-for-profit association of private sector and government agencies (state and federal) with an interest in Internal Revenue Service (IRS) efforts to dramatically expand electronic filing, improve all forms and electronic revenue communication, and modernize operations.

Customer Accounts Management - Under e-Services, in 2007, this will provide taxpayers with views of their total account and ability to reconcile tax liability annually.

E-file - A way to file a tax return electronically to the IRS using an authorized IRS E-file provider.

E-Services - An IRS project to foster the easy use of electronic products and services which provide the taxpayer the ability to conduct all of their interactions electronically and allow account management among payers, employers, and tax authorities.

Electronic Authentication of the Signature Requirement - Electronic marking control data to provide non-repudiation, data integrity, and authentication.

Electronic Federal Tax Payment System - Tax payment system that allows businesses to make tax payments electronically rather than using paper coupons.

Electronic Return Originator - Tax professionals who electronically transmit tax return information to the IRS.

Electronic Tax Administration (ETA) - The purpose of ETA is to revolutionize how taxpayers transact and communicate with the IRS.

Electronic Tax Administration Advisory Committee - A private sector advisory committee established by the IRS Restructuring and Reform Act of 1998 (RRA 98)¹ to provide the IRS with advice on how to achieve its electronic tax administration goals, with a primary focus on strategic issues and programs.

Federation of Tax Administrators (FTA) - An organization to improve the quality of state tax administration by providing services to state tax authorities and administrators. These services include research and information exchange, training, and intergovernmental and interstate coordination. The FTA also represents the interests of state tax administrators before federal policymakers where appropriate.

Filing Season - The period from January 1 through April 15 of each calendar year during which most taxpayers typically file their individual income tax return.

¹ Pub. L. No. 105-206, 112 Stat. 685.

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Fiscal Year - The federal government's fiscal year runs from October 1 of one calendar year through September 30 of the following calendar year.

Information Returns - Documents required by the IRS to be submitted by third parties (e.g., banks, employers, other government agencies) that provide tax-related information regarding taxpayers, such as wages, other income, payments, or cash transactions. These include the following individual and business returns:

- Form 1096 (Annual Summary and Transmittal of US Information Returns) and Form 8487 (Payer Master File Entity Change Entry) to the Payer Master File.
- Form 1098 series (Mortgage Interest Statement, Education Loan Interest Statement, and Tuition Payment Statement).
- Form 1099 series (includes all different types of income such as interest, dividends, proceeds from real estate transactions, miscellaneous, etc.).
- Form W-2G (Statement of Gambling Winnings).
- Schedule K-1 (Beneficiary, Partner, or Shareholder's Share of Undistributed Taxable Income, Credits, Deductions, etc.) on Form 1041 (Fiduciary Return for Estates and Trusts), Form 1065 (Partnership Return), and Form 1120S (Small Business Corporation Return).
- Form 5498 (Individual Retirement Arrangement Information) and Form 5498-MSA (Individual Retirement Arrangement Information Medical Savings Account).
- Form 8851 (Summary of Medical Savings Account).

IRS Modernization Blueprint - Defines the IRS' architecture in a manner that provides maximum flexibility for implementation options.

IRS Oversight Board - The board, established by the RRA 98, that oversees IRS operations. The panel was designed to oversee IRS operations, recommend future candidates to be IRS Commissioners and advise the President when it feels a Commissioner should be fired. The Board includes three permanent members: the Treasury Secretary, the IRS Commissioner and a representative of IRS employees. The other six members are to be private citizens with management experience.

IRS Web Site - A convenient source for taxpayers to obtain tax forms and tax information.

Jurat - A certification on an affidavit declaring when, where, and before whom it was sworn. Form 8453 (U.S. Individual Income Tax Declaration for an IRS E-file Return) is used by the IRS to authenticate the electronic portion of the Forms 1040, 1040A, and 1040EZ.

Level of Effort - Relative time and personnel required to implement an initiative.

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Magnetic Tape - A sequential access storage medium used to store data that does not require immediate access and to back up data and programs.